



STATE OF MICHIGAN


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GOVERNOR

MICHIGAN STATE HOUSING DEVELOPMENT AUTHORITY
LANSING

MICHAEL R. DEVOS
EXECUTIVE DIRECTOR

March 24, 2005

TO: Owners & Management Agents of Tax Credit Properties
Management Agents of Section 8 and Section 236 Project-Based Properties
Management Agents of Multifamily Assisted Properties

FROM: Sherri Davio, Compliance Manager 
Office of Legal Affairs

SUBJECT: 2005 Physical Inspections and File Audits

The Michigan State Housing Development Authority is introducing several changes in compliance monitoring procedures for 2005 to improve customer service and bring greater consistency to physical inspections and file audits. This Memorandum briefly describes each of these improvements.

Customer Service Survey Forms

At the conclusion of your file audit or physical inspection, you will receive a Customer Service Survey form. This form is also available under the forms section of our website at the following link: http://www.michigan.gov/mshda/0,1607,7-141-8002_26576_26589---,00.html Since this process began in January 2005, we have received a substantial number of surveys. We greatly value your feedback and thank you for taking the time to respond.

"UPCS Plus" Physical Inspections and Reports (MSHDA Developments)

One of the most significant improvements in 2005 is a change to "UPCS Plus" for physical inspections and reporting for MSHDA financed developments. Physical inspections of MSHDA developments are now based on the HUD REAC definitions of the Uniform Physical Condition Standards (UPCS). In addition, MSHDA items over and above the UPCS standard are included in a separate area of the inspection report.

We are confident that this change will bring greater consistency to physical inspections and eliminate the confusion many have experienced in interpreting MSHDA inspection reports. You will continue to receive the high quality MSHDA inspection you have always received, but under a more standardized UPCS reporting method with significant changes in the appearance of the physical inspection report.

Items previously reported as either I, H, Q, L or M are now categorized under the UPCS standards as Level 1, 2 or 3. Items that do not fall into the deficiency categories of UPCS, which MSHDA still considers to be deficiencies to be corrected are designated as "M" items under the MSHDA section of the physical inspection report.



The "UPCS Plus" Manual is posted on the MSHDA compliance monitoring website at http://www.michigan.gov/mshda/0,1607,7-141-8002_26576---,00.html

The Authority is planning to offer several training/information sessions in April to provide more detailed information regarding "UPCS Plus".

Reinspections (MSHDA Developments)

MSHDA developments will no longer be reinspected every year. Reinspections of MSHDA developments may be performed for various reasons, i.e. quality assurance, etc. Your physical inspection contractor will notify you when a reinspection of your development is required by MSHDA.

Management Agent/Owner Responses - Owner Certifications, Attachment A and B (All Developments)

You will receive your physical inspection report no later than 30 days after the inspection is performed and you are then required to prepare a response addressing all items noted in the physical inspection report. Your response must be sent to the inspector and to MSHDA Compliance and Asset Management (if applicable) and received no later than **30 days** from the report date (date of the cover letter accompanying the inspection report). Your response must now contain the following documents:

- Owner's Certification of Completion of Repairs (Owner's Certification)
- Owner's Report of Completion of Repairs - (Attachment A)
- Owner's Plan for Completion of Repairs - (Attachment B) – Only for items not completed

These forms are located on MSHDA's website at http://www.michigan.gov/mshda/0,1607,7-141-8002_26576_26589---,00.html

File Auditors will Request Vacancy Information (All Developments)

During every file audit, the auditors will now obtain the development's current number of vacant units and the vacancy percentage. If the vacancy percentage is 10% or higher, you will be asked to provide an explanation of the vacancy and your improvement plan for addressing the vacancy issue. Improvement plans should contain specific information about advertising, marketing efforts, etc. There is no required format for vacancy improvement plans.

If you have any questions or concerns regarding these new procedures, please contact the Compliance Staff at (517) 241-2560.